

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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RENEWAL OF EXPERIMENTAL CLASSIFICATION
AND FEES FOR WEIGHT-AVERAGED
NONLETTER-SIZE BUSINESS REPLY MAIL,
1999

Docket No. MC99-1

**MOTION OF UNITED STATES POSTAL SERVICE
FOR WAIVER OF CERTAIN FILING REQUIREMENTS INCORPORATED IN THE
COMMISSION'S RULES OF PRACTICE AND PROCEDURE**
(March 10, 1999)

In conjunction with the filing of the Request in the above-captioned proceeding, the Postal Service, pursuant to Rule 22 and other pertinent provisions of the Commission's Rules of Practice and Procedure,¹ hereby requests waiver of certain subsections of Rules 54 and 64 pertaining to information required to be submitted in rate and classification proceedings. Specifically, the Postal Service requests that it not be required to provide information specified in Rules 64(b)(3), 64(d), and 64(h). Rules 64(d) and 64(h), furthermore, refer to and incorporate provisions of Rule 54 applicable to requests for changes in rates and fees. To the extent they are deemed applicable, either independently or through Rule 64, to a request for continuation of existing experimental classifications and fees, the Postal Service requests waiver of Rules 54(b)(3), 54(d), 54(f)-(h), 54(l), 54(j), 54(k), and 54(l)(ii), as specified below and in the Postal Service's Request (Attachment E).

Rule 64(h) requires that information specified in Rule 54 must be provided, if a proposed classification change would result in either (1) changes in the rates or fees for any existing class and subclass, (2) the establishment of a new class or subclass for

¹ The Rules are codified in 39 C.F.R. §§ 3001.1, *et seq.*

which rates are to be established, (3) a change in the relationship of costs to revenues for any class or subclass, or (4) a change in the relationship of total Postal Service costs to total revenues. Rule 64(h)(3) provides that these requirements may be waived, if the Commission determines it has been demonstrated that the proposed changes in the classification schedule do not significantly change rates and fees or the cost-revenue relationships referred to in the rule.² Because of the limited nature and applicability of the requested DMCS change proposed in this docket, the Postal Service submits that waiver of these requirements in this instance is warranted.

There are several reasons why waiver of the pertinent rules requiring production of information is appropriate with respect to the proposed extension of the current experiment, as it relates to weight-averaged nonletter-size Business Reply Mail (BRM). Fundamentally, the Postal Service is not requesting a material change to any classification or fee. Consequently, the first category outlined in Rule 64(h)(1) applies. The request to extend the current experimental classification and fees for weight-averaged nonletter-size Business Reply Mail does not establish a new special service. To the extent that total cost-revenue relationships might be implicated by the requested extension, the Postal Service submits the proposal would not result in significant changes to those relationships warranting application of the specific requirements of Rule 54.

For instance, Rule 53(b)(3) calls for information regarding economic substitutability among postal services and mail classes. Rule 54(d) includes a

² Rule 54(r) specifies that the Commission may waive the requirements of Rule 54 if it determines that it has been demonstrated that the proposed change in rates or fees does not significantly change existing rates and fees or alter the cost-revenue relationships of the various classes and types of postal services. To the extent that Rule 54 is deemed to apply independently to the Postal Service's proposals in this proceeding, the Postal Service requests waiver under this provision as well.

requirement for data about distance traveled by mail pieces, a factor of little importance to the BRM proposal at issue here. Rule 54(f) calls for the provision of detailed and extensive information regarding the total functionalized accrued costs of the Postal Service, including test year estimates. Rule 54(g) calls for total accrued costs for prior fiscal years in a form consistent with the presentation under Rule 54(f). Rule 54(h) calls for the separation of cost estimates attributed and assigned to each class and subclass of mail and an explanation of the methodology used to derive such costs. Rule 54(i) requires information pertinent to the basis for the experimental fees proposed to be in effect during the requested extension, a matter addressed in Docket No. MC97-1.³ Rules 54(j) and (k) call for the provision of actual estimated revenue and volume information for classes and subclasses for past and prospective fiscal years, as well as a demand analysis. Rule 54(l) requests billing determinants for categories of mail and special services at current and proposed rates, and certain volume information for Standard (A) mail, by ounce increment and shape.

To the extent that information is not already provided by or referred to in the testimony of Postal Service witness Kiefer (USPS-T-1),⁴ the Postal Service submits that extension of the weight averaging portion of the current nonletter-size Business Reply

³ Re-litigation of the basis for the current weight averaging fees, which would be in effect during the proposed extension of the experiment, at the same time that the Commission is considering the Docket No. MC99-2 request for permanent fees, would seem unnecessary.

⁴ Attachment E accompanying the Postal Service's Request indicates compliance with various Commission rules in certain respects, and indicates a request for waiver to the extent the rules are not deemed to be met. The Postal Service believes that the information provided with its filing and incorporated by reference satisfies the production requirements contained in the rules, particularly in view of the limited scope and purpose of the request that part of the current experiment be extended. Insofar as any elements of the rules are not deemed to be satisfied by the Postal Service's filing, however, they should be considered to be within the scope of this request for waiver, for the reasons expressed herein.

Mail experiment would not result in significant changes in cost-revenue relationships for any specific classes or subclasses, or in total cost-revenue relationships. No additional participants are expected to join the experiment during the extension period. The current fees would still be in effect, so there is not likely to be any change in cost or revenue impact.

Even if effects on any other categories of mail or special services could be demonstrated to result from continuation of the experiment, those effects would be so small as to be totally inconsequential. The proposed experiment extension is not expected to have revenue consequences which would warrant application of the requirements of Rule 64(d) or cost-revenue implications, such as those outlined in Rule 64(h) (and in the provisions of Rule 54 incorporated by it), which would warrant application of these detailed information requirements. As for the provisions requiring statements of economic substitutability among classes and subclasses, contained in Rules 64(b)(3) and 54(b)(3), estimates of cross-elasticities between nonletter-size BRM which would be subject to the weight averaging accounting method and that which would not, even if it were possible to develop, would not be available, since weight-averaged nonletter-size BRM represents a relatively new experimental service for which historical demand information is not available.

In summary, the requested changes in the Domestic Mail Classification Schedule to extend the weight-averaged nonletter-size BRM experiment are very limited. Except for continuing an alternative for existing nonletter-size BRM, they will not affect the vast majority of postal products and services.

Accordingly, the Postal Service requests that the provisions of Rules 54 and 64 of the Commission's Rules of Practice and Procedure be waived, except to the extent

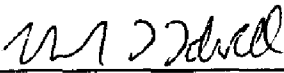
that the information they require is contained or incorporated in the Postal Service's Request and the direct testimony and exhibits of witness Kiefer (USPS-T-1). Specifically, the Postal Service requests a waiver of the provisions of Rule 54, operating independently and through Rule 64(h), that require information pertaining to total costs, revenues, and volumes, and to costs, revenues, and volumes associated with categories of mail and special services other than weight-averaged nonletter-size BRM. In accordance with Rule 22, the Postal Service submits that waiver would be in the public interest in helping the Commission to expedite resolution of the Postal Service's Request, which will ultimately lead to creation of a valuable service for the recipients of nonletter-size Business Reply Mail.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

CERTIFICATE OF SERVICE

I hereby certify that I have this day attached a copy of this Motion to each copy of the Request which will be served upon all parties upon notice to the Postal Service of their intervention in this proceeding.



Michael T. Tidwell

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March 10, 1999